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NATIONAL REVIEW

Bulletin

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The decline in U.S. prestige during the Eisenhower Administration was a favorite point in Mr. Kennedy's election campaign. If President Kennedy fails now, in Cuba, the Eisenhower years will come to be thought of as the Golden Age of our world reputation.

We write, "if *President Kennedy* fails," because if the freedom fighters are smashed, it is the President who will be and will be held, responsible. But it will be the nation, too, of course, along with its President and the slaughtered freedom fighters, that will have to suffer the catastrophic consequences. What small country, what group of men ready to risk their lives for freedom, would thereafter have reason to trust the United States? Khrushchev stands by his boys. Kennedy lets them go down the drain?

Cuba is not Laos, 10,000 miles away on the enemy's border. Cuba is just 90 short miles off *our* coast, in a sea under our absolute strategic domination. It is Khrushchev, not Kennedy, this time, whose geographic and technical position is—materially—hopeless. But as of the third day of the revolt, on which these words are being written, Khrushchev's *will* is proving the stronger: strong enough to counterweigh the enormous physical balance in his disfavor.

What did the President suppose? Was he really sold Manuel Ray's fantasy that after a dose of Arthur Schlesinger's Liberal rhetoric administered through the White Paper, and a token landing of a couple of thousand brave men—furnished with minor arms and a half dozen obsolescent prop planes—the masses of Cuba were going to rise up as one man to shrug off the usurpers? What does the President imagine the Cuban Communists—among the best trained in the enterprise—and the swarm of international activists and technicians have been doing for the past two years? Did Mr. Kennedy really believe that we were all going for a swim, but no one was going to get really wet?

In the days preceding the landings, the tipoff was given, as so often, by James Reston: "Washington Divided About Aid to Anti-Castro Forces...." As usual, it was the soft half that prevailed. The key to the situation was, as always, simple. Whatever forms were used for diplomatic cover, would the President guarantee control of the air over the beaches? When all the advice was in, the President, and he alone, had to make that decision. His answer has been displayed by the events: No, he would not. The softeners had succeeded; his will, too, had been softened.

The issue has nothing to do with double talk about "intervention" or "non-intervention." *Of course* we have *already* intervened in Cuba, just as Khrushchev has. We are going to get all the backwash of intervention, whatever happens. The real question, for the answer to which all the world, and first of all the Cuban masses, are waiting is: whose intervention will succeed? who will win? Khrushchev or Kennedy? Russia or America?

The battle for Cuba can still be won, certainly. A miracle is still possible, and much less than a miracle is enough: an act of will by the one man in the world whose single act, in this momentous chapter, controls the outcome.

The WEEK

● A Russian-speaking friend of NR's was in Moscow's biggest department store, GUM, when the news about Gagarin was broadcast over the loudspeaker system. He reports that the crowd of customers and clerks listened apathetically—until one clerk said in a loud voice: "Fine! That means we get Friday off."

● The first shakedown at *Newsweek* under its new captain, Philip Graham of the *Washington Post*, is, on balance, better than some conservatives feared. Columnists Henry Hazlitt and Raymond Moley have signed new, long-term contracts with the Graham management and will appear weekly in the pages of *Newsweek*, as they have in the past. The more-or-less Liberal Ernest K. Lindley has been eased out. Informed reports are that his column will be taken over by Kenneth Crawford, who is now manager of the Washington bureau. This would make way for the promotion of definitely Liberal Benjamin C. Bradlee, now assistant manager, to the post of Washington bureau chief. Bradlee is a close personal and political friend of President Kennedy's. This could mean, and probably does, that *Newsweek's* Washington reports will from time to

time be used by the Administration to broadcast the unofficial official line.

● Last week the Supreme Court 1) upheld a union contract that required a foreman to be a union member and gave him exclusive hiring authority in his section; 2) upheld agreements whereby casual workers, whether union members or not, must be hired through a union hiring hall; 3) reversed a ruling that would have refunded to workers all union dues collected under an agreement found to constitute an illegal closed shop. In each decision the Court reversed a ruling by the National Labor Relations Board. In each decision the fearful power of organized labor is enhanced. In each decision a blow is struck against the employment chances of non-unionized workers, and the freedom of choice of all workers. Each decision was written by Justice William O. Douglas, an aging Liberal who cannot quite bring himself to recognize that there is, after all, a difference between the social scheme of modern America and the Midlands sweatshops that provided the background for the novels of Charles Dickens and the fantasies of Karl Marx.

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Dignity and Impudence
— with apologies to Landseer

● The minute U.S. Attorney Morton Robson recommended to the Justice Department that the last count in the tax evasion case against Rep. Adam Clayton Powell, Jr. be dropped, and the Justice Department seconded the motion, Powell took the offensive. His indictment, he said, "had been politically motivated," and he called for an investigation of Internal Revenue special agent Morris Emmanuel who had assembled the evidence on the basis of which a Grand Jury had chosen to indict the Reverend Powell. Mr. Robson piously rejected Powell's charge with the statement: "At every stage of this case, every attempt was made to insure that Powell's political position was ignored." (Every stage that is, except the first and last.)

● The Gallup Poll reports that President Kennedy has succeeded in selling himself to the people. *Caveat emptor.*

● New Jersey Republicans nominated the Eisenhower Secretary of Labor, James P. Mitchell, to be their candidate for governor. His chief opponent was State Senator Walter H. Jones, who had the formal backing of thirteen of New Jersey's 21 county GOP organizations (against three for Mitchell). There were no clear conservative-Liberal issues in the campaign, but Mitchell had the backing of Senator Clifford Case, a leading Liberal, and powerful support from the Rockefeller-Whitney Republican forces in neighboring New York. The New York City press, even the *Daily News*, which has considerable influence in the heavily-populated northern half of New Jersey, generally supported Mitchell. A Mitchell victory over Judge Richard H. Hughes, the Democratic candidate and like Mitchell a Roman Catholic, would give a big boost to Rockefeller, who is back on the speechmaking circuit, and to the Liberal wing of the GOP, which would use it as evidence that a Republican candidate must be Liberal in order to win big-city states.

● The president of an entrenched, non-unionized, multi-million-dollar business has lost his bitter fight against union organizers. The septuagenarian industrial overlord, who came to manhood in the last days of the Robber Barons, tried every trick in the book. He fired the troublemaker who was trying to unionize the staff, but the troublemaker hauled him to the National Labor Relations Board on charges of unfair labor practices. He thundered that the staff, if unionized, would lose its spirit of dedication. He defended his vested interest by claiming that the union would infringe on management rights. But times have changed, and this sort of dictatorial tycoon is nothing but a breathing fossil. The NLRB upheld the right of the workers to band together to seek decent wages and working conditions. The wheel has turned full round for President David Dubinsky of the International Ladies Garment Workers Union. Oh, one thing, Dave—don't cross any picket lines on the way to work!

● Soviet youth are roaming about the United States, courtesy of the U.S. Council on Student Travel, promoting the forthcoming "World Youth Forum." The idea is to give respectability to participating groups, *e.g.*, the International Union of Students, and the World Federation of Democratic Youth—both of which have suffered from exposure as international Communist fronts. It may even be that the World Youth Forum will succeed the IUS and the WFDY as the main Communist youth-front operation.

● New York State has passed a law to control the reference to cultural monuments in brassiere and whiskey ads. It carries a penalty of $500 and a year in jail. Looks like nip and tuck for Madison Avenue.

Flight of the Wild Duck

If Moscow's space claims are true—and of course some of them may be—the Kremlin seems to go to extraordinary lengths to make them look phony.

For months, Soviet scientists promised to show a detailed movie of last year's flight of space puppies Belka and Strelka. They finally did, April 13, to the international space symposium in Florence. There were 18 minutes of dogs, mice and guinea pigs being "prepared for flight," and two minutes of TV tapes said to be of B & S in orbit. Even a U.S. space scientist was moved to comment that the tape of the purported orbital flight "could have been taken anywhere—in a laboratory or a dummy space ship."

But the B&S performance is a model of scientific candor compared to Operation Gagarin. Imagine, to begin with, calling the first spaceman "Wild Duck"—which is what *gagarin* means. Any sane propaganda service would surely have made a spaceman change his name to Smithsky or Jonesevitch. Then there was that full-scale biography of Gag, or Duck, put on sale as a book the very day of the flight announcement, along with calendars, souvenirs and even dinner plates bearing Duck's picture.

As for the accounts of the flight itself, and the landing, well, you takes your pick, as Quincy herein annotates. Naturally everything went perfectly, so perfectly that the London *Daily Worker* was able to scoop the world press with a full story the day before it happened. Duck, in lyric rhythms reminiscent of the corn school of minor Russian poetry, described how he saw rosy-fingered dawn rising over dear Mother Earth. At that same Florence meeting, Russia's No. 1 space scientist mentioned that the space ship had no porthole. Back in Moscow, he said maybe it did have a teeny-weeny porthole at that. Or maybe it was color TV or X-ray eyes.

How did Duck get back to the beloved soil of the Workers' Fatherland, champion of Peace and the Friendship of the Peoples? Well, his ship had sort of reverse rockets and sort of braked by switching on a sort of thingamabob —and, well, you can't just let out *all* your secrets, can you? In any event, Duck, like any other duck, finally just floated softly down and landed, upright, on his little webbed feet, on the greensward, before the wondering and immediately believing eyes of a clutch of simple peasants. (Ask your parachutist friends about coming in on your feet.) The scene is closely modeled on chromo versions of the vision of our Lady of Fatima.

On Duck's behalf, Moscow has filed claims with the International Aeronautical Federation (FAI) for three world's records under the five space flight categories defined at its meeting last winter. FAI, following its sober

BRIEFS: New trouble spots in Africa. Spanish Intelligence believes Mali-Morocco made deal at Casablanca Conference to divide Mauritania (which just about everyone, including even the Mauritanians, claims). Plan includes stepped up guerrilla operations in Mauritania, terrorism, intensification of tribal rivalries, border incidents along the Mali-Mauritania frontier. . . . Spain already pouring arms and men into Spanish Sahara where U.S. oil companies now engaged in $200 million exploration program. Authorities say "brigand" raids in that territory (such as kidnapped American engineers last month) are Morocco-planned, officered by Moroccan army. . . . **Mass riots against apartheid policy blueprinted at mid-March Panafrican conference at Pietermaritzburg (capital of Natal). Riots scheduled for May 31, when Union of South Africa becomes a Republic.** . . . March death toll from terrorists in Portuguese Angola—200. Survivors of some massacres say rebels came at them in waves, chanting that white men's bullets couldn't kill them. . . . European correspondents who learned the Lingala phrase for "I am not a Belgian" in preparation for Congo Independence Day last July now, at a drop of a bayonet, spout, "I am not a United Nations official."

Black and white in Germany: East Germany so short of manpower it now "drafts" workers for three to six months emergency jobs. West Germany has over half a million job vacancies. . . . **Hungary proudly announcing the abolition of the People's Courts, set up to try freedom fighters —four years later.** . . . The new, neutralist Norwegian Socialist People's Party will enter list of candidates in fall election. Main party goal to get Norway to withdraw from NATO. . . . Belgium seriously considering dotting some of its longer, straighter highways with abstract sculptures—as means of keeping drivers awake.

Nasser wants: a copy of the new symphony commemorating the memory of Patrice Lumumba, which the Soviet government has ordered one of its composers to compose. . . . Journalists at work: at the first press conference of Soviet cosmonaut Yuri Gagarin, a vigorous claque of Soviet and satellite correspondents clapped loudly, according to *New York Times*, every time Gagarin "evaded answering a direct question." . . . Sharp reply: when U.S. correspondents called Lt. Col. John Powers, press officer of the U.S. astronauts at 3:00 A.M., to ask his comment on the latest Soviet space-first, Powers responded testily: "If you are wanting something from us, the answer is, we are all asleep."

ruler, will not accept these claims until they are backed up by evidence giving all relevant data: which, by the rules, must be submitted within four months. It is unfortunate that a comparable sobriety was not shown by President Kennedy, our scientists and our editorial writers in dealing with this latest triumph of Communist propaganda.

Coming and Going

A federal grand jury has indicted General Motors for monopolizing the market for diesel locomotives. The raw facts are that GM saw diesels coming back in 1936 while the established manufacturers of steam engines sat on their hands; that GM applied its brains and capital with extraordinary efficiency; that it undersold all competitors and captured 84% of the diesel market; and that the railroads have benefited from diesel economies.

Simultaneously the federal government continues to harry the electrical manufacturers for their informal agreements to share the market by rotating the low bids on major contracts. One or two of these companies might have knocked the competition out of business if they had applied their resources as potently as GM did, but they took the opposite course—and wound up, along with GM, in court under the anti-trust laws.

If it's illegal to take another's share of the market, but also illegal to protect his share, just what does the government expect managements to do? Merge with the President's Council of Economic Advisers?

Naughty, Naughty

Major General Edwin A. Walker, on the basis of his military talents and his record in World War II and the Korean War, has been in command of the Army's 24th Division: a combat unit deployed in Germany in the front line of defense against the enemy. An unimportant, privately-owned weekly newspaper, distributed among U.S. troops in Europe, "accused" Gen. Walker of being favorably disposed toward the John Birch Society. The major items of specific proof were: a) the presence of *American Opinion*, the magazine published by John Birch founder Robert Welch, among periodicals displayed on reading tables; 2) Gen. Walker's designation of an indoctrination program as the "pro-blue campaign" (the Birch Society's programmatic document is called "the Blue Book"—ergo, etc. . . .).

The U.S. domestic press, led by the *New York Times*, blew the charges up into daily front-page headlines. Within a week, without prior investigation, the Pentagon responded: by suspending Gen. Walker from his combat command, and ordering him transferred to a meaningless administrative post at Army headquarters in Heidelberg.

There is no recorded instance when any commanding officer has been transferred, before or after investigation,

• At Home •

Washington

A discerning *Washington Post* reader writes (and *mirabile dictu* the paper publishes his letter) that according to the official Soviet timetable of Major Yuri Gagarin's alleged space flight, it took him fifteen minutes to travel 60% of his first orbit around the earth and 74 minutes to cover the last 40%. The "astronaut" himself told of whirling about in space, 200 miles above the earth, seeing the fields, the cities, and even barns—but Soviet scientists tell us his capsule had no apertures and that it was floated on ball bearings so that he remained in a horizontal position throughout. Presidential Press Secretary Pierre ("clear it with me") Salinger says U.S. scientists tracked the flight, but the Pentagon and NASA have clamped an extraordinary censorship on all details—and even the Jodrell Bank in England, which sees, hears, and believes everything Moscow tells it to, picked up nary a pip.

These are but a few of the contradictions and mysteries surrounding what seems to be developing into the world's greatest hoax. Added to this there is the fact—and fact it is—that the Russians have more than once attempted to send a man into space and back. For all we know, the hapless victims may still be somewhere east of the sun, singing their weightless songs in airborne Lubianka prisons. Yet, aided and abetted by President Kennedy's hair-trigger congratulations to Comrade Khrushchev, the Soviet story has gained wide acceptance. (Why it was necessary to send the message, when the Soviets have congratulated us about nothing except Van Cliburn, is an interesting question.)

What has gone unnoticed, throughout this period of hullabaloo, is the timing of the Soviet "exploit." It came when Comrade Khrushchev needed some propaganda coup to cover up for his deliberate stalling on a Laotian ceasefire and his refusal to stop the airlift of arms into the Southeast Asian kingdom. It coincided also with a shake-up of the Soviet Academy of Sciences, in charge of the Russian space program, and an imposition of military control over its activities. For some time, Intelligence reports have clearly indicated Kremlin dissatisfaction over the Academy's performance and its inability to apply to military and civilian technology the recent international advances and breakthroughs in the realm of theoretical science.

It may be that President Kennedy was a little relieved to see the space flights pushing Laos off the front pages. Ever since the Inauguration, he has been privately fulminating against former President Eisenhower for not "solving" the crisis before shaking the White House dust from his feet. But three months have passed since Mr. Kennedy

took over and White House advisers frankly state that Mr. Kennedy is on the horns of a dilemma. If he intervenes, he underscores the Republican charge that the Democrats get us into wars. If he allows Laos (with South Vietnam, Thailand, Cambodia, and Burma following) to go down the Communist drain, then he stirs up recollections of the Roosevelt/Truman loss of Eastern Europe and mainland China.

A check on Capitol Hill indicates that federal aid to education—not Laos—is Topic A among those who take pen in hand to write to their senators and representatives. There has, of course, been a well-organized campaign by educationist groups favoring federal infiltration of the schools. But on the Hill, experienced legislators have learned to spot this kind of push. What has Congress shaking its head in wonderment is the great volume of spontaneous mail from voters who want no part of a federalized school system.

At this point, a congressional nose-count seems to show that legislation on this issue will be tightly contested. It is, in short, touch-and-go. But political observers here do not discount the arm-twisting powers of the President. Given the flabby Republican leadership in Congress, the opposition lacks the generalship and the drive to block the Kennedy juggernaut. Only a continued public outcry can save the day. Given also the systematic brainwashing by the Washington press corps—which believes that all facts are equal, but some facts are more equal than others—that outcry has been stifled. Mr. Average Congressman reads the *New York Times* and the monopoly *Washington Post*. Their view is that the people favor federal aid, if only those troublesome Catholics would quiet down. The only antidote is what the congressman hears from his constituents, and this may turn the trick.

The forgotten man in Congress today is Representative John Moss of California. During the Eisenhower Administration, Mr. Moss, who is chairman of a House subcommittee on Freedom of Information, repeatedly made page one and garnered himself an award from the journalism fraternity Sigma Delta Chi for his "battle" to block Pentagon censorship of non-sensitive news. His great ally was Arthur Sylvester, correspondent for the *Newark News*. Now Mr. Sylvester is Assistant Secreatry of Defense for Public Affairs, and his concern over the "right to know" has been replaced by a Pentagon censorship more rigorous than any we knew during World War II. Even routine inter-office communications have been stamped "secret" by Mr. Sylvester—and our military leaders have been gagged as never before in the history of the Republic. But Representative Moss remains silent. Obviously, Mr. Moss believes that it is not what is done but who does it that counts.

QUINCY

because copies of *Saturday Review* or *The Nation* were seen, as they can sometimes be seen, on the reading tables of their units. The Pentagon must judge that *Saturday Review's* pacifist propaganda for nuclear disarmament and *The Nation's* pro-Soviet fellow-traveling are better medicine for strengthening the guts of combat troops than *American Opinion's* occasionally confused but always passionately felt anti-Communism.

PEOPLE: The refusal by Texas senatorial candidate **John Tower** of **Richard Nixon's** offer of aid in Tower's runoff election campaign against **William Blakley** (May 27) could be conservative boomerang. Reason: If Tower loses—and there has never been a statewide Republican victory in Texas—it might seem to reflect on popularity of **Barry Goldwater,** who is barnstorming for the GOP candidate. . . . Sen. **Proxmire** (D., Wisc.) told a Connecticut audience last week that Goldwater might very well be the Republican candidate in '64. "The great political phenomenon of today is the on-rush of a conservative movement," said Liberal Proxmire. . . . Rep. **Puckinski** (D., Ill.) agitating for a governmental investigation of Soviet man-in-space claims. . . . *Worker* stressing ever harder theme that AFL-CIO labor leaders are restive under hard anti-Communist leadership of federation president **George Meany.** . . . Story behind the sudden switch in program on NBC's *The Nation's Future* April 15. The pre-taped discussion "Can we coexist with the Soviet Union?" with **Norman Cousins** taking the affirmative, **Leo Cherne** the negative, was withdrawn 48 hours before showtime—at the request of Cousins.

Mexican government took steps last week to prevent former president Gen. **Lazaro Cardenas** from hurrying to **Castro** in his hour of need. . . . Moscow radio reported last Tuesday (Cuban D-day plus one) that **Allen Dulles** was in Puerto Rico in personal charge of the Cuban invasion operations. . . . **Max Lerner** called on his Liberal colleagues to be consistent on Cuban situation. "The anti-Castro revolution," he said "is following the pattern of revolutionary nationalist liberal movements which these . . . intellectuals have in the past always supported. Why should they not support this one?"

Europeans, furious at U.S. anti-NATO votes in UN, now crack: "Washington is determined to liberate all Africa, and turn Europe into a satellite." . . . **De Gaulle,** when asked if it wasn't true that the U.S. or the USSR, or both, would try to take France's place in the African territories from which she has withdrawn, responded insouciantly: "I wish both of them a lot of fun."

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• Trends •

Kennedy men are now privately expressing immense satisfaction at how far the Administration has come in three months toward "solving" the serious problems of the dollar.

Certainly the gold overflow has all but dried up. The calm which has descended on the international financial community may be traced in the downward spiral of the gold price, from last fall's alarming $40 on the London market to the comfortingly familiar Treasury figure of $35. The "hot" money that contributed heavily to last year's $1.7 billion gold loss has been cooled rapidly; some of it is returning to these shores. Late last month, Administration optimism leaped with the Commerce Department's cheery report that the U.S. balance of payments situation "improved considerably" from the last quarter of 1960 through the first quarter of this year.

Considering the size of the plug used, it would be surprising indeed if gold were still pouring from the country. Speculation on the value of the dollar has abated, for the moment, in response to the most unequivocal promises on the part of President Kennedy. In his State of the Union message, he flatly pledged: "This Administration will not distort the value of the dollar in any fashion. That is a commitment." When the newly elected President of the United States so commits his prestige, even the most skeptical at home and abroad are bound to take pause.

But it is one thing to reduce a fever, quite another to cure a deep-seated infection. Last fall's flare-up was merely a symptom; a quick dose of Presidential reassurance could quiet it. The prolonged imbalance of U.S. payments, resulting in $3 billion-plus deficits for three successive years, caused the outbreak of dollar-fever. And only action that goes to the roots of this infection will work a lasting cure.

So, in a sense, the halt of the gold outflow does not mean the end of the dollar crisis, but the beginning. Everyone is fully aware of the weakening of the dollar, and Mr. Kennedy's promises have brought time to strengthen it. The question, of course, is how he will use it.

His diagnosis is sound enough. He has said: "The surplus of our exports over our imports, while substantial, has not been large enough to cover our expenditures for United States military establishments abroad, for capital invested abroad by private American businessmen and for government economic assistance and loan programs." He has also observed that domestic inflation "is now the certain road to a balance of payments crisis."

All this is true. Yet, having gone to the nub of the matter, what does Mr. Kennedy propose?

Why, more of the high living that has laid the dollar low. There's to be a "Marshall Plan" for Latin America and maybe one for Africa, too, without reducing existing aid programs. At home, there's to be a wholesale expansion of the welfare state costing uncounted billions, which are to be produced by spending ourselves to faster economic "growth." A clear indication of the Administration's attitude toward the dollar problem is Mr. Kennedy's statement that the first step in balancing the payments ledger must be "a revival of the domestic economy," as if getting the coal miners back to work would somehow cure the government's habit of wild spending overseas.

Such assertions may be politically popular; but they amount to economic nonsense. At any rate, hard-headed Europeans understand the dollar's weakness well enough not to be put off by the sort of rescue operation Mr. Kennedy is conducting. Cracking down on American tourist allowances and the spending of GI Joe and the missus, without curtailing government expenditures, means at best a saving of relative pennies. Pressuring allies into more foreign aid spending means no saving at all unless U.S. aid-giving is cut back proportionately. Discouraging private investment overseas, subsidizing exports, tinkering with short-term domestic interest rates—these proposed remedies are simply palliatives.

Inflation, as Mr. Kennedy himself says, is the certain road to calamity. Yet he is steering a course that is plainly inflationary. We are to go on exporting huge amounts of capital as though there were still a dollar shortage, and not a potentially-dangerous surplus. We are to embark on another wave of "cheap" money and artificially low interest rates, as though every other currency in the free world were still feebler than ours. In short, we are to persist in the very policies and practices which have brought the value of our money into question, and which most other free nations have forsaken, after painful reform, in favor of fiscal sanity and sound money.

To a prosperous Europe, this presents a puzzling spectacle. At the very least, it raises doubts about Mr. Kennedy's intentions which no promises, however impressive-sounding, can lay to rest. What, after all, must Bonn think when Washington suggests "mild" inflation in West Germany as an answer to the predicament of the United States? So far, the suggestion has been resisted, as it must be by men whose nation has twice passed through ruinous inflations in the space of their life-times. And what must our allies think of this Presidential stricture: "We cannot strengthen our balance of payments at the expense of the developing countries without incurring even greater dangers to our national security." Certainly trust is not inspired by seeming to say that the good opinion of Nehru and Sukarno is more valuable than the integrity of the dollar.

Even poorly defended, the dollar remains a strong and desirable currency, backed by impressive reserves. The margin for imprudent management is thus wide, but the dollar is by no means impregnable. It could go the way of the pound sterling. This is a time of testing. Toward the end of the year, when the Kennedy budget-makers are agreed on the main outlines of spending plans for fiscal 1963, those who have taken the President at his word will know its worth. They may then find the odds attractive for a deeper plunge against the dollar. RICHARD WHALEN

• Abroad •

São Paulo, Brazil. A correspondent writes: "Things are quite lively down here, but with a fresh and generally hopeful outlook. It seems that Janio [Quadros, new President] is taking the 'Masters of our own house' attitude toward both the U.S. and Russia. I believe he definitely wants to see himself as *the* leader of the South American world. His playing footsie with the Communists worries everyone from time to time. But, so far, his policies of trying to stabilize the economy, increase exports, decrease imports, and make us all undergo a little rigor now in order to give free enterprise a chance to grow in the future, have been excellent. He has waged a strong and so far *just* (no rolling heads) campaign against the enormous amount of corruption in government. He has come out declaring himself definitely on the side of the West with such statements as, 'Our roots are based on the principles of individual freedom,' and, 'Our ties have always been Western and always will be.' So far he has not done anything drastic to restrain foreign investment and something tells me he will not. Finally, Brazilians are 100% behind him; even many who voted against him. I might add that Kennedy's popularity here is as large as Roosevelt's was and for the same unsubstantial reasons. For what it's worth, it's nice to have an American President approved of...."

Aldermaston, England. Reviewing this year's mass anti-bomb march to Trafalgar Square, *The Economist* comments: "The Communist sympathies of a portion of this year's marchers were undisguised.... The impact of the march is not quite what it was. Colonel Blimp (or Rear-Admiral Polaris) is no longer shattered by the realization that 30,000 demonstrators can be gathered, with the aid of purposeful and assiduous organization, in Trafalgar Square on Easter Monday. The ordinary newspaper reader sees the familiar old faces heading the columns and familiar teenage ranks tramping after them."

Evian. The technological basis for the success of terrorism's bipartisan "New Wave," which has spread over both metropolitan France and Algeria, is the new family of plastic explosives. (The French call the terrorists, "*plastiqueurs.*") These are much more powerful than gunpowder, dynamite or TNT; much easier and safer for the terrorists to handle; easily concealed; quickly placed anywhere (like slapping on a piece of putty). Very simple detonating mechanisms are used. But—unlike the cruder explosives which the old-time terrorists compounded with a do-it-yourself kit in their basements—making *plastique* requires elaborate apparatus beyond the capability of individuals or private groups, in most countries confined to the controlled national defense industry. This poses, in the French-Algerian affair, a teasing problem. Both the FLN and the anti-FLN Red Hand have plenty of *plastique* for their many jobs. Where do they get it?

Taipei. Free China continues to expand and strengthen relations with Africa. On March 30, an agreement of economic and technical cooperation was signed with Liberia. Chinese agricultural, fisheries and light industrial specialists will help Liberia apply some of the methods that have worked so successfully in Taiwan. Agricultural and trade missions are expected in the near future from Chad, Gabon, Togo, and Libya. Six Free Chinese teachers are now in Léopoldville schools. Scholarships for twenty Africans are included in next autumn's education budget. A Chinese mission has just completed an African tour.

Tarentel Press

"He says he saw a whole freight car loaded with tires near Vladivostok!"

Vijayawada, Andhra State, India. In spite of the intervention, in person, of Russian Praesidium member Suslov, the split in the Indian Communist Party remains unhealed at the conclusion of the special congress. Suslov, in keeping with the present world Communist line, supported the right wing, which advocates a broad united front, cooperation with "progressive" national elements, unity against imperialism and Washington, etc. But he failed to beat down the left wing, with its insistence on a more militant, intransigent revolution strategy.

London. The campaign to abolish capital punishment, which three years ago persuaded Parliament to enact a law limiting the death penalty to a very narrow range of special cases, is being renewed on a large scale, with the aim of making the ban total. Among the participants whose names are familiar in the U.S.: Kingley Amis, Lady Violet Bonham Carter, Victor Gollancz, Anthony Asquith, Max Beloff, Lord Boothby, Benjamin Britten, D. W. Brogan, the Bishops of Birmingham, Chichester, Colchester, Manchester (and numerous other dioceses), C. Day-Lewis, E. M. Forster, Pamela Frankau, Sir John Gielgud, Elizabeth Goudge, Sir Alec Guinness, Julian Huxley, Augustus John, Sir Stephen King-Hall, Rosamond Lehmann, the Earls of Huntingdon, Listowel, Longford, Lucan, Kingley Martin, Harold Nicholson, Michael Polanyi, Stephen Potter, J. B. Priestley, Bertrand Russell, Moira Shearer, Edith Sitwell, Stephen Spender, R. H. Tawney, Arnold Toynbee, Kenneth Tynan, Rebecca West, Angus Wilson, Diana Wynyard.

• The Investor •

Increased public interest in stocks means for the investor both a greater long-term opportunity because of an enlarged market for shares, but also a greater short-to-medium term risk. Assuming that many of the new investors will remain in the market, the stocks of growth companies will tend to sell at higher prices, in relation to earnings, than was the case five or ten years ago. The investor faces greater hazards, however, because the new stock buyers often are attracted by considerations which are not fundamental. In a period when many new investors and speculators are entering the market, shares of small, young and glamorous companies may rise faster and higher than those whose future can be appraised more surely.

IBM with a long-time earnings growth record of 20% to 25% annually, sells today at $700 per share. This price is 65 times net per share earnings. The 65 multiple is much higher than characteristic for IBM in past years. So, on an historical basis, the shares are high.

What is a fair price for IBM? That question cannot be answered definitely. However, IBM has for a number of years been able to manufacture its products at low cost, to research and develop new products and to sell them on the domestic and world markets. It has shown these skills under a wide variety of political and economic conditions. IBM's growth should continue.

It is entirely possible in the next year or two that IBM will sell at a higher multiple than 65 or at a considerably lower multiple. The investor who buys its shares today could see the market price decline 200 points or more. However, with continued rapid growth of earnings probable, the long-term investor in IBM will experience at worst only a temporary decline in his capital market worth.

The hazards in buying shares in smaller and newer companies are patently of a very different order. A would-be purchaser should carefully scrutinize stocks of such companies whose multiple times earnings are as high, say, as IBM's. But the purchaser seldom does.

True, times-earnings ratios are not the only meaningful measurements to apply. But if investment research and appraisal is to mean anything, some measurement standards must be employed.

Among younger analysts there are those who throw out times-earnings ratios as a yardstick of value. They regard them as obsolete. They consider dollar sales per share (regardless of profits) and the rate of sales growth as more important. Some in Wall Street are now prone to throw out all statistical yardsticks. They claim that these are old-fashioned and that only management capabilities and future potential matter. Management capability and future potential are surely the key—but how does an analyst guage them accurately without any figures?

A New England investment adviser recently compiled some signficant statistics on several tables of different types of stocks, seasoned growth stocks, smaller technological companies, new technological companies and unpopular industry leaders. (See below.)

	1 Current Value of Co. (Millions)	2 1960 Sales (Mil.)	3 1960 Net Inc. (Thous.)	4 Ave. An. Increase In Earn.	5 Value Times Sales	6 Value Times Net Inc.
U.S. Sonics	10	0.1-0.2	Loss	..	100.00	..
Infrared Industries	11	2E[1]	90E	..	6.7	127
Gulton Industries	66	14E	900	49	4.9	73
Microwave Associates ..	56	9	600	40	6.4	89
Technical Operations ..	37	4	100	43	8.6	370

[1] Estimated.

It will be noted that U.S. Sonics sells for 100 times sales. IBM by comparison sells at 7.3 times sales, and Minnesota Mining at 7.9 times. Infrared Industries sells at 127 times earnings, and Technical Operations at 370 times. IBM sales are $1.8 billion, while Technical Operations sales are $4 million, and U.S. Sonics less than $200,000.

One cannot be sure that a particular small and promising company will not burgeon remarkably and make its shareholders rich. However, it is safe to say that many of them will—over the years—bring today's buyer to grief. Some companies will merely level off at some point and stop growing. Others will collapse, either go bankrupt, or be acquired at a distress price by another company. Underwriters of new issues of stock are highly conscious of company name appeal to the less sophisticated. Before "going public," California Eastern Aviation recently changed its name to the more exciting Dynatromics. A few small companies which have found it useful to adopt names which hold glamour for the public are:

Electrosonics, Microsonics, Diatronics, Chemtronics, Airtronics, Ionics, Digitronics, Autotronics, Missile-tronics, Nucleonics, Medtronics, Avionics.

The issuance of a small number of shares of stock in a company with a glamorous scientific name brings a host of buyers. The inevitable result of wide demand and small supply is a sharp run-up in price. The most important requirement for an immediate rise in price seems to be some ingredient which stimulates the imagination.

Recently a stock newly issued at five, sold the same day at twelve. The company has a small service business. It possesses assets of small dollar value and does not have much of an earnings record. Its glamorous data processing field and a list of prominent customers appeared to be responsible for its "catching fire."

Fortunately the investor is not limited to choosing between 1) seasoned growth companies selling a high multiples times earnings and 2) highly hazardous glamour stocks of small and new companies. Among what some of the younger analysts call "tired old blue chips" are some companies whose earnings plateau of the past five years will, within the next five years, prove to have been a foundation upon which new growth will be built. And there are also growth industries and companies in which temporary problems have obscured the growth trend. The risk with these companies is modest in comparison with the hazards involved in purchasing small company glamour stocks at today's prices.

NORVIN R. GREENE